

**medtech** 

# Annual Report

2011

ABN 70 009 203 203

[medtechglobal.com](http://medtechglobal.com)



# Medtech Global Limited

## Annual Report

For the year ended 31 March 2011

# Corporate Directory

## Directors

Mr Vino Ramayah	(CEO, Executive Chairman)
Mr Russell Clarke	(Executive Director)
Mr Darryl Stuart	(Non-Executive Director)
Mr Ravindran Govindan	(Non-Executive Director)
Mr Michael Gaylard	(Non-Executive Director)

## Company Secretary

Mr Michael Gaylard, BCom LLB

## Registered Office

Level 2, 180 Albert Road  
South Melbourne VIC 3205

Telephone: (03) 9690 8666  
Facsimile: (03) 9690 8010  
Website: <http://www.medtechglobal.com>

## Share Registry

Advanced Share Registry  
150 Stirling Highway  
NEDLANDS WA 6008

Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

Medtech Global Limited shares are listed on the Australian Stock Exchange (ASX) and trade with the symbol MDG

## Auditors

Ernst & Young, Australia  
8 Exhibition Street  
Melbourne, Vic 3000

## Bankers

Westpac Banking Corporation  
GPO Box 3433  
Sydney NSW 2001

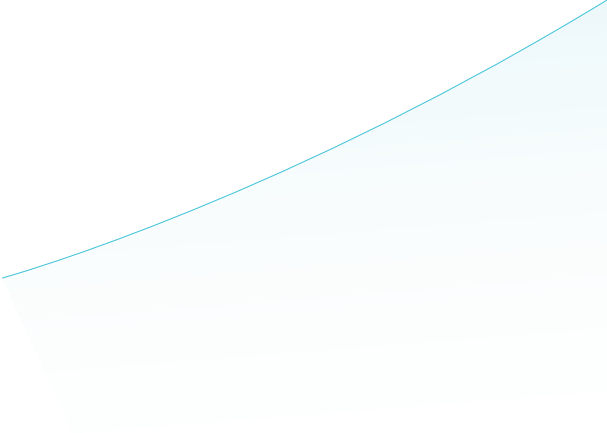
## Stock Exchange

Australian Stock Exchange Ltd  
Exchange Plaza, 2 The Esplanade  
Perth WA 6000

## Solicitors

Minter Ellison  
Level 49 Central Park  
152-158 St George's Terrace  
Perth WA 6000

# Creating value for health through technology



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# Review of Operations

## Market Environment

The healthcare market continues to grow worldwide. There is pressure on health expenditure with increased costs and demand for services.

Governments are under pressure to reduce costs and increase efficiency through Information Technology.

There is a strong focus on better patient outcomes and initiatives to drive efficiency and productivity.

An increase in chronic diseases, particularly diabetes, cardiovascular disease, obesity, asthma and mental illness has resulted in the need for decision support tools and better management of long term illness.

An ageing demographic coupled with a reduction in the workforce has also created the need for innovation to solve these problems given the ratio of patients to medical health providers.

The above trends create significant opportunities for Medtech to apply its vast experience and address the needs of the market.

## Key Achievements During the Year

The Company delivered on several major projects and won significant contracts through competitive processes:

- 1) Securing a seven-year contract with Datam Limited, a subsidiary of New Zealand Post, maintaining a National Health Registry for New Zealand's Ministry of Health.
- 2) Contracted to deliver an E-therapy service for the assessment and treatment of mild to moderate primary care nationwide in New Zealand. The Medtech consortium included publically listed London-based provider of interactive healthcare software, Ultrasis PIC.
- 3) Secured a contract to deliver National Conformant software to the Australian Federal Government's E-health implementation lead sites.
- 4) Established operations in India and secured contracts

with key healthcare providers/institutions in India.

- 5) Entered into the tele-medicine space using the latest technology in video audio conferencing. The Company is poised to enter into this market with a fully functional solution integrated with our Electronic Medical Record, which can be shared by multiple users.

## Creation of New Intellectual Property

We have launched several products:

**Clinical Audit Tool** — Enables healthcare providers to analyse their data to ensure improved patient care.

**Evolution Specialist** — Medtech Evolution Specialist is a fully integrated appointment, billing and clinical management solution designed specifically for specialists. It focuses on improving the quality and efficiency of healthcare service delivery by providing user friendly tools and functionality to help medical specialists deliver the highest quality of care.

**Evolution GP** — Medtech Evolution GP is amongst the most advanced health specialist management systems available today. Its flexible and adaptable capabilities, user-friendly and extensible design, robust Electronic Medical Record (EMR) capability and sophisticated connectivity to government and third-party organisations, make Medtech Evolution the perfect practice management system for primary and secondary health care environments.

**Medtech Cloud** — Medtech Cloud is a secure hosted solution giving customers the flexibility to easily increase IT capacity or add capabilities without investing in new infrastructure. Data is securely stored in a state of the art data centre and delivered to customers desktops via a high speed internet connection giving you access to your data from anywhere in the world, 24 hours a day. Medtech Cloud removes the need for you to back up, update, maintain, or invest in your own systems.

**Medtech E-learning** — Medtech e-Learning is an online training environment for Medtech software where learning is fast, effective and convenient. It aims to overcome the problems of centralised

training and provide a low cost, easily accessible training environment to help you get the most out of our products.

#### Financial Performance

The financial year ended 31st March 2011 saw the Group recognise a profit after tax of \$0.161m (2010: loss after tax of \$0.270m), primarily due to an increase in revenue.

#### Financial Position

1. Revenue from ordinary activities grew 17.2% from \$9.317m to \$10.923m, mainly due to two new significant contracts with the Ministry of Health, Government of New Zealand.
2. Earnings before interest, impairment of intellectual properties, tax, depreciation and amortisation (EBIIT-DA) has declined 26.6% from \$1.964m to \$1.441m. This is due to an increase in operational costs including one-off setting up costs, staffing, and consulting for delivering on the Ministry of Health, Government of New Zealand contacts.
3. Almost all debt has been repaid and therefore the Group is currently operating well within its stated gearing policy. This enhances the Groups ability to fund expansion through internal cash flows and borrowings.

#### Outlook

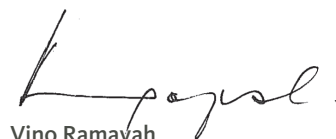
We expect an increase in revenues and continued investment in product innovation and emerging technologies. We have focused on building shareholder value in the medium-term as opposed to short-term gain.

With prudent management of costs and cashflow the Company is confident in funding its medium-term growth through a combination of cash surplus and debt, while the capital market still looks weak.

Thank you for your continued support and commitment. We are excited about the future and the opportunities it presents to con-

tinue to contribute to the healthcare sector, improve the health of individuals, and achieve our increased growth and profitability targets.

We are well positioned in the market and confident that we will achieve our objectives and continue to deliver positive growth and sustainability as a globally competitive company.



**Vino Ramayah**  
Executive Chairman

Melbourne, 29 June 2011



## About Medtech

We believe that healthcare should be about quality care, not about the complexities of business. Medtech Global develops modular high-end, feature-rich systems with unsurpassed flexibility and scalability for the healthcare practice.

### **Evolution GP**

Medtech Evolution is among the most advanced practice management systems available today. Its core focus is on improving the quality and efficiency of health care service delivery by providing user-friendly tools to help health care professionals deliver the highest quality care.

Its flexible and adaptable capabilities, user-friendly and extensible design, robust Electronic Medical Record (EMR) capability and sophisticated connectivity to government and third-party organisations, make Medtech Evolution the perfect practice management system for primary and secondary health care environments.

### **Evolution Specialist**

Medtech Evolution Specialist is the leading health specialist management tool available in today's market. It provides a fully integrated appointment, billing and clinical management solution designed in conjunction with New Zealand medical specialists.

Medtech Evolution Specialist provides user friendly tools and functionality to help medical specialists deliver the highest quality of care, while at the same time reducing everyday costs to the clinic.

### **Evolution Allied Health**

An Allied Health version of the Medtech Evolution product is currently in development and will consist of the core common functionality of the Medtech Evolution Specialist version, with exclusions or extensions to make it suitable for deployment as an Allied Health Management System for New Zealand.

Evolution Allied Health version is focused around the requirements of:

Physiotherapy, Chiropractic, Podiatry, Osteopathy, Counselling, Acupuncture, Massage and Alternative Medicine.

### **ManageMyHealth**

ManageMyHealth is a secure personal internet health portal allowing health care providers to empower individuals to take a more active role in the management of their health and wellbeing.

This revolutionary new personal health portal enables individuals to access appropriate medical records and results uploaded by their doctor, and engage electronically with their health care providers to support positive lifestyle changes.

ManageMyHealth™ is fully integrated with other Medtech products providing streamlined communication and valuable connectivity, ultimately delivering more focused patient care and ongoing benefits throughout the health care ecology.

### **Clinical Audit Tool**

The completeness of data is an essential element for the effective management of patient health.

Clinical Audit Tool provides fast, efficient and secure analysis of patient data enabling medical professionals to identify and deliver services which address health care priorities across the population.

Fully integrated with the Medtech32 and Medtech Evolution Practice Management Systems (PMS), Clinical Audit Tool is a flexible, cost effective tool further enhancing clinical effectiveness.

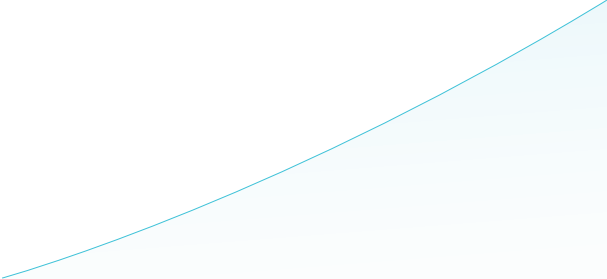
### **MD Analyze**

MD Analyze is used by surgeons and other clinicians worldwide to collect and analyse clinical information. All data formats (including multimedia) and all coding systems are supported for every specialty of surgery or medicine.

### **Medtech Cloud**

Medtech Cloud is a secure hosted desktop solution giving you the flexibility to easily increase IT capacity or add capabilities without investing in new infrastructure.

Data is securely stored in a state of the art data centre and delivered to your desktop via a high speed internet connection giving



you access to your data from anywhere in the world, 24 hours a day. It also removes the need for you to back up, update, maintain, or invest in your own systems.

#### **Medtech e-Learning**

Medtech's e-Learning portal aims to overcome the problems of centralised training and provide a low cost, easily accessible training environment to help you get the most out of our products.

Medtech e-Learning is an online training environment for Medtech software where learning is fast, effective and convenient.



## Our Services

### **Training**

Medtech's training package enhances user efficiency and unlocks the full potential of our product.

Our professional training team is mobile and are able to conduct standard or customised training at your practice, or at our training facilities in Auckland.

We offer a comprehensive training curriculum demonstrating a wide-range of services. Our training team has a thorough knowledge of the healthcare industry and will assist you with customising your Medtech product to specific practice needs.

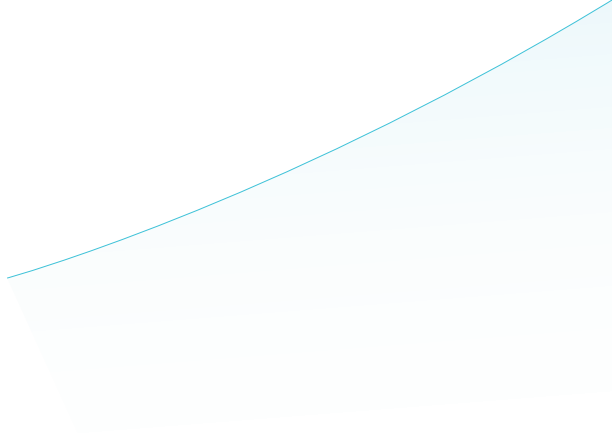
### **Conversion**

Medtech is able to convert existing data from your Practice Management system into a Medtech32 database, enabling clients to preserve existing information. Conversions are done either in a secure environment at our offices or at the client's premises. In the latter case, a fully-trained data conversion engineer is present to ensure data integrity and security.

### **Consultancy**

Medtech has significant expertise in its understanding of the healthcare environment and the challenges faced by healthcare providers. To meet this need, Medtech provides consultancy services for a range of customers in the health sector.

Consultancy services range from advice on utilisation of technology to better improve patient care and administration, to scoping, executing and implementation of projects.





# Directors Report

Your Directors submit herewith the annual financial report on the Company and its controlled entities for the financial year ended 31 March 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

## Directors

The names of directors in office at any time during or since the end of the financial year are:

### Mr Vino Ramayah

Executive Chairman, age 58

Mr Ramayah has been Executive Chairman of the Medtech Global group of companies since he was appointed on 25th September 2006. He is also on the board of several technology companies in the Asia Pacific region. He has significant experience in mergers and acquisitions. He has been involved in the development and growth of ICT and biotech companies in Australia, New Zealand and Asia. Mr Ramayah has provided strategic advice in a professional capacity to various multinationals in several countries in the Asia Pacific.

#### Other Current Directorships

None

#### Former Directorships in the last 3 years

None

### Mr Russell Clake

Executive Director, age 59

Mr Clarke comes from a successful banking and merchant finance background. He has been the Executive Director of the Medtech Group of businesses since being appointed on 25th September 2006.

#### Other Current Directorships

None

#### Former Directorships in the last 3 years

None

### Mr Ravindran Govindan

Non- Executive Director, age 61

Mr Govindan was appointed to the Board on the 25th September 2006. He is a very experienced businessman having co-founded businesses in the areas of retail, biotechnology, medical devices, IT, emerging technologies, real estate and manufacturing.

#### Other Current Directorships

Non – Executive Director – Colltech Australia Ltd

Non – Executive Director – Costarella Design Ltd

#### Former Directorships in the last 3 years

None

### Mr Darryl Stuart

Non-Executive Director, age 53

Mr Stuart was appointed on 1 September 2009. He has held CEO and senior management positions in State Government, financial services ICT, health informatics, biotechnology, e-commerce and international consulting businesses. He was formerly the CEO and director of Medtamic Pty Ltd, a company specialising in clinical audit solutions for the healthcare industry.

#### Other Current Directorships

None

#### Former Directorships in the last 3 years

None

### Mr Michael Gaylard

Non-Executive Director, Company Secretary, age 66

Mr Gaylard was appointed to the board on 21st April 2011. He holds a Bachelor of Laws and Commerce degrees from the University of Melbourne. He is a barrister and solicitor of the Supreme Court of Victoria, and former member of the Australian Society of Certified Practising Accountants. Previously, Mr Gaylard worked for McGregor and Court, Chartered Accountants and as managing partner in Rogers and Gaylard. He has been extensively involved in intellectual property, computer contracts joint ventures and cor-

porate law. He now serves as a consultant to Rogers and Gaylard.

#### Other Current Directorships

None

#### Former Directorships in the last 3 years

None

#### Mr Richard Flory

Non-Executive Director resigned on 18th March 2011

#### Committee Membership

As at the date of this report, the company had an audit committee and a remuneration committee.

Members acting on the committees of the board during the year were:

##### Audit Committee

Mr Russell Graham Clarke  
Mr Michael Gaylard  
Mr Richard Flory  
Ms Reena Bose

##### Remuneration Committee

Mr Vinogopal Ramayah  
Mr Russell Graham Clarke  
Mr Darryl Stuart  
Mr Ravindran Govindan

The Board Of Directors of the company does not have a Nominations Committee. The board is of the opinion that due to the nature and size of the company, the functions performed by a Nominations Committee can be adequately handled by the full board.

#### Principal Activities

The principal activities of the consolidated entity during the financial year were the business and sale by way of sub-licence of healthcare technologies worldwide.

#### Operating Results

The consolidated gain of the consolidated entity after providing for income tax amounted to \$161,224 (2010: \$269,960 loss).

#### Review of Operations

During the year the consolidated entity has focused on continu-

ing the development and delivery of its business strategy in the healthcare technology markets, including expansion into new markets with complementary products, and investing in new products.

Further specific details are provided in the Executive Chairman's Report.

#### Dividends

No dividends have been paid or declared since the start of the financial year.

#### Financial Position

The net assets of the consolidated entity have increased by \$154,601 (2010: \$276,689 Decrease) since 31 March 2010.

#### Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity other than that already referred to in the financial statements.

#### Profit Per Share

The basic profit per share was 0.16 cents (2010: Loss per share of 0.27 cents). The weighted average number of shares on issue during the financial year used in the calculation of basic earnings/loss per share was 100,248,061 (2010: 100,248,061).

#### Subsequent Events

As at the date of this directors' report, the directors are not aware of any matter or circumstances that has significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial years subsequent to 31 March 2011.

#### Share Options

No options were granted during or since the end of the financial year to any of the directors or other officers of the Company. No director or other officer of the Company holds any options over unissued shares of the Company.



## Director's Interest

As at the date of this report, the relevant interests of the directors of this report in the shares of the Company are:

Directors	Fully Paid Ordinary Shares
V Ramayah	67,540,866(a)
R. Clarke	109,000(b)
R Govindan	3,297,006(c)
D Stuart	750,000(d)
<b>Total</b>	<b>71,676,872</b>

- (a) Mr V Ramayah has an interest of 67,540,866 shares in the company held by Cereus Holdings Limited.
- (b) Mr R Clarke has an interest of 10,000 shares in the company held directly, 89,000 shares held by R G Clarke and Associates Ltd and 10,000 shares held by The Russell Clarke Family Trust.
- (c) Mr R Govindan has an interest of 3,244,506 ordinary shares held directly and 52,500 shares held by Mercatus-Capital Pte Limited.
- (d) Mr D Stuart has an interest of 750,000 shares held directly.

## Indemnification and Insurance of Directors and Officers

The company has agreed to indemnify all the directors and executive officers for any breach of environmental or discrimination laws by the company for which they may be held personally liable. The agreement provides for the company to pay an amount not exceeding \$2,000,000 provided that:

- (a) The liability does not arise out of conduct involving a lack of good faith.
- (b) The liability is for costs and expenses incurred by the director or officer in defending proceedings in which judgement is given in their favour or in which they are acquitted.

During or since the financial year, the company has paid premiums in respect of a contract insuring all the directors against legal costs incurred in defending proceedings for conduct other than:

- (a) A wilful breach of duty.
- (b) A contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid was \$8,770.

## Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## Remuneration Report (Audited)

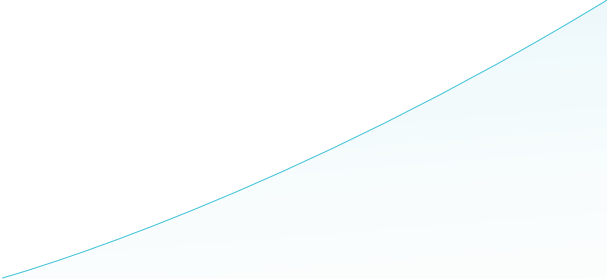
This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. This information has been audited as required by section 308(3C) of the Act.

For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, general managers and secretaries of the Parent and the Group.

## Remuneration Committee

The Remuneration Committee consists of the Board of Directors of the Company and is responsible for determining and reviewing remuneration arrangements for the directors and executives.



The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing directors and executive team.

## Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

The company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate and demanding performance hurdles for variable executive remuneration.

## Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive directors and executive remuneration is separate and distinct.

## Non-Executive Director Remuneration

### Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

### Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting.

The amount of aggregate remuneration sought to be approved by

shareholders and the fee structure is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The non-executive directors do not participate in any incentive programs.

# Remuneration Report (Audited)

## Executive Remuneration

### Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for Group, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

### Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee engages external consultants as required to provide independent advice.

The Remuneration Committee has entered into a contract of employment with the Chief Executive Officer and other executives.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary and superannuation);
- Variable remuneration including short term incentives (STI).

The proportion of fixed remuneration and variable remuneration for each executive is set out below.

## Fixed Remuneration

### Objective

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of the Company, business unit and individual performance, relevant comparative remuneration from external and internal sources and where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

### Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

## Variable Remuneration – short term incentive (STI)

### Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the ex-

ecutives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

### Structure

Actual STI payments granted to each executive depends on the extent to which specific targets set at the beginning of the financial year are met. The target consists of a number of key performance indicators (KPIs) covering both financial and non-financial, corporate and individual measures of performance. Typically included are measures such as contribution to net profit after tax, customer service, risk management and leadership/team contribution. These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

The Group has predetermined benchmarks that must be met in order to trigger payments under the STI scheme. On an annual basis, after consideration of performance against KPIs, the remuneration committee, in line with their responsibilities, determine the amount, if any, of the STI to be paid to each executive. This process usually occurs within three months after the reporting date.

The aggregate of annual STI payments available for executives across the Group is subject to the approval of the remuneration committee. Payments made are delivered as a cash bonus in the following reporting period.

The remuneration committee has considered the STI entitlements for the 2011 financial year. As all the executives entitled to STIs are recent appointees, the STI cash bonus available for executives for the 2011 financial year is set at \$Nil (2010: \$Nil).

There was no alteration to the STI bonus plan for the year.

## Employment contracts

All executives including the CEO have rolling contracts. The company may terminate the executive's employment agreement by providing 3 months written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). The Company may terminate the contract at any time without notice if serious misconduct has occurred.

Except for A Carmody and R Bose, the CEO and other executives provide their services via corporate entities rather than being employed directly by the Company.

a) Details of remuneration

2011	Short-term employee benefits		Post-employment Benefits	Long-term	Share-based payment	
Key Management Personnel	Cash salary and fees	Cash Bonus	Superannuation	Incentive Plans	Options	Total
	\$	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>						
R Govindan	15,000	-	-	-	-	15,000
D Stuart	53,000	-	-	-	-	53,000
R Flory	15,000	-	-	-	-	15,000
<b>Sub-total Non-Executive Directors</b>	<b>83,000</b>	-	-	-	-	<b>83,000</b>
<b>Executive Directors</b>						
V Ramayah	349,830	-	-	-	-	349,830
R Clarke	98,633	-	-	-	-	98,633
<b>Sub-total Executive Directors</b>	<b>448,463</b>	-	-	-	-	<b>448,463</b>
<b>Key Management Personnel</b>						
S Samaraweera – Chief Operating Officer	176,081	-	-	-	-	176,081
S Crase – Chief Architect (AU) (Appointed 11 October 2010)	60,000	-	5,400	-	-	65,400
R Kumble- Chief Technical Officer (AU) (Appointed 11 October 2010)	76,731	-	6,906	-	-	83,637
A Carmody- General Manager (NZ)	124,890	-	2,497	-	-	127,387
R Bose – Financial Controller	120,617	-	2,412	-	-	123,029
Michael Gaylard – Company Secretary	12,000	-	-	-	-	12,000
<b>Sub-total Management Personnel</b>	<b>570,319</b>	-	<b>17,215</b>	-	-	<b>587,534</b>
<b>Total</b>	<b>1,101,782</b>	-	<b>17,215</b>	-	-	<b>1,118,997</b>

- Other than direct payments for services provided, no other benefits in the form of superannuation, incentives or share options were provided to Directors.
- Payment to S.Samaraweera is made via his incorporated or related entity.
- Mr V Ramayah and Mr R Clarke are employed directly by Cereus Holdings Limited and provide their services to Medtech Global Limited by way of a management agreement between the two parties.
- As New Zealand does not operate a compulsory (unless opted-in) employer superannuation scheme similar to Australia, payments to KMP as employees (where applicable) does not attract an equivalent superannuation cost, unless the employee elects in to a superannuation scheme.
- No options were granted during the financial year.

2010	Short-term employee benefits		Post-employment Benefits	Long-term	Share-based payment	Total
	Cash salary and fees	Cash Bonus	Superannuation	Incentive Plans	Options	
Key Management Personnel						
	\$	\$	\$	\$	\$	\$
Non-Executive Directors						
R Govindan	15,000	-	-	-	-	15,000
Darryl Stuart (Appointed 1 December 2009)	5,000	-	-	-	-	5,000
R Flory	14,804	-	-	-	-	14,804
<b>Sub-total Non-Executive Directors</b>	<b>34,804</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,804</b>
Executive Directors						
V Ramayah	278,964	-	-	-	-	278,964
Darryl Stuart (ceased 30 November 2009)	93,725	-	-	-	-	93,725
R Clarke	78,765	-	-	-	-	78,765
<b>Sub-total Executive Directors</b>	<b>451,454</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>451,454</b>
Key Management Personnel						
S Samaraweera - Chief Operating Officer	169,833	-	-	-	-	169,833
P Sergeant – GM – IT Services (Through TSL Technical Systems Ltd)	97,938	-	-	-	-	97,938
A Carmody – General Manager (NZ) (Appointed 8 February 2010)	18,478	-	-	-	-	18,478
J Hatfield – General Manager (Aus) (Appointed 1 November 2009)	99,615	-	8,965	-	-	108,580
M Gaylard – Company Secretary (Appointed 2 April 2009)	12,000	-	-	-	-	12,000
R Bose – Financial Controller	100,751	-	-	-	-	100,751
<b>Sub-total Management Personnel</b>	<b>498,615</b>	<b>-</b>	<b>8,965</b>	<b>-</b>	<b>-</b>	<b>507,580</b>
<b>Total</b>	<b>984,873</b>	<b>-</b>	<b>8,965</b>	<b>-</b>	<b>-</b>	<b>993,838</b>

#### Key Management Personnel of the Parent Entity

The Parent Entity did not employ any management personnel during the financial year.

2011	Short-term employee benefits		Post-employment Benefits	Long-term	Share-based payment	Total
	Cash salary and fees	Cash Bonus	Superannuation	Incentive Plans	Options	
Key Management Personnel						
	\$	\$	\$	\$	\$	\$
Non-Executive Directors						
V Ramayah	349,830	-	-	-	-	349,830
R Clarke	98,633	-	-	-	-	98,633
<b>Sub-total Executive Directors</b>	<b>448,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>448,463</b>
<b>Total</b>	<b>448,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>448,463</b>

2010	Short-term employee benefits		Post-employment Benefits	Long-term	Share-based payment	Total
	Cash salary and fees	Cash Bonus	Superannuation	Incentive Plans	Options	
Key Management Personnel						
	\$	\$	\$	\$	\$	\$
Non-Executive Directors						
V Ramayah	278,964	-	-	-	-	278,964
R Clarke	78,765	-	-	-	-	78,765
D Stuart	93,725	-	-	-	-	93,725
<b>Sub-total Executive Directors</b>	<b>451,454</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>451,454</b>
<b>Total</b>	<b>451,454</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>451,454</b>

#### Service agreements

As noted above certain key management personnel have an interest in Consultancy Services Agreements with the Company. All contracts can be terminated by either party with one month notice. Their interests are as follows:

- The management agreement between Medtech Global Limited and Cereus Holdings Limited for the services of Mr V Ramayah and Mr R Clarke commenced 1 November 2006 and makes provision for a remuneration of \$349,830 for Mr V Ramayah and \$98,633 for Mr R Clarke.

- b) Mr S Samaraweera via his company has an agreement with Medtech Limited to provide services commencing 8 March 2009 for a remuneration of \$176,081.
- c) Mr D Stuart via his company Darjack Pty Ltd, had an agreement with Medtech Healthcare Pty Ltd to provide services, commencing 12 February 2008 and makes provision for a remuneration of 53,000.
- d) Ms R Bose is an employee of Medtech Limited and her remuneration is \$120,617 per annum, commencing 1 January 2008.
- e) Mr A Carmody is an employee of Medtech Limited and his remuneration is \$124,890 per annum, commencing 8 February 2010.
- f) Mr Simon Crase is an employee of Medtech Healthcare and his remuneration is \$120,000 per annum,
- g) Mr Rama Kumble is an employee of Medtech Healthcare and his remuneration is \$150,000 per annum.

## Meetings of Directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

	Directors' Meetings	Audit Committee Meetings
Number of meetings held:	8	3
Number of meetings attended:		
V Ramayah	8	
R Clarke	8	3
R Govindan	-	-
D Stuart	5	-
R Flory	7	3
M Gaylard	8	3

All directors were eligible to attend all meetings held. The audit committee meeting was also attended by Ms Reena Bose, a non-director.

## Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

## Non audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to auditors (Ernst & Young) for audit and non-audit services provided during the year can be located in Note 7 of the financial statements.

The directors have considered the position, and are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors, as imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services, as set out below, did not compromise the auditor independence of the Corporations Act 2001 for the following reasons:

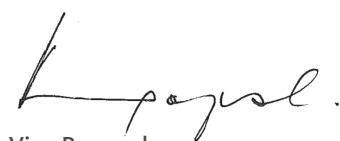
- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

## Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 March 2011 as required under Section 307 of the Corporations Act 2001, has been received and can be found on page 21 of this report.

Signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.



Vino Ramayah  
Executive Chairman

Melbourne, 29 June 2011

# Auditors Declaration of Independence



Ernst & Young Building  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001  
Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
www.ey.com/au

## Auditor's Independence Declaration to the Directors of Medtech Global Limited

In relation to our audit of the financial report of Medtech Global Limited for the financial year ended 31 March 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Ernst &amp; Young' in a cursive script.

Ernst & Young

A handwritten signature in blue ink that reads 'Don Brumley' in a cursive script.

Don Brumley  
Partner  
29 June 2011

Liability limited by a scheme approved  
under Professional Standards Legislation

# Independent Auditor's Report



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8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001  
Tel: +61 3 9288 8000  
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## Independent auditor's report to the members of Medtech Global Limited

### Report on the financial report

We have audited the accompanying financial report of Medtech Global Limited, which comprises the consolidated statement of financial position as at 31 March 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

### **Opinion**

In our opinion:

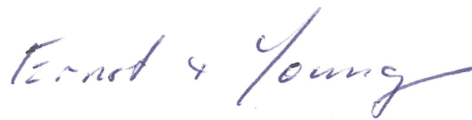
- a. the financial report of Medtech Global Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 31 March 2011 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the remuneration report**

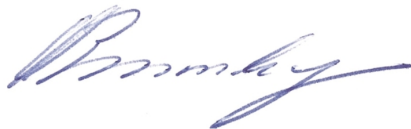
We have audited the Remuneration Report included in pages 16 to 19 of the directors' report for the year ended 31 March 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Opinion**

In our opinion, the Remuneration Report of Medtech Global Limited for the year ended 31 March 2011, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in blue ink that reads "Don Brumley".

Don Brumley  
Partner  
29 June 2011

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# Declaration by Directors

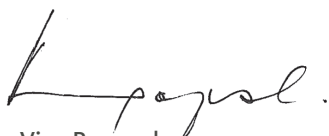
In accordance with a resolution of the directors of Medtech Global Limited, I state that:

In the directors' opinion:

1. The financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (a) complying with International Financial Reporting Standards, Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 March 2011 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations by the Chief Executive Officer and Financial Controller as required by section 295A of the Corporations Act 2001 for the financial year ending 31 March 2011.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors



**Vino Ramayah**  
Executive Chairman

Melbourne, 29 June 2011



**Russell Clarke**  
Executive Director

Melbourne, 29 June 2011

Statement of comprehensive income  
For the year ended 31 march 2011

		Consolidated Entity	
		2011	2010
		\$	\$
	Note		
Revenue	4	10,922,599	9,317,426
Other income	4	3,724	22,889
Cost of sales		(697,498)	(337,312)
Finance costs	5	(21,247)	(15,359)
Consulting fees		(1,915,074)	(1,322,239)
Depreciation and amortisation	5	(774,095)	(813,223)
Impairment of receivables	10	300	(185,013)
Impairment of intangible assets	5	-	(2,073,770)
Employee benefits expenses		(3,824,992)	(3,019,155)
Management fee to related party	28	(878,462)	(734,742)
Travelling expenses		(447,494)	(357,615)
Occupancy costs		(343,162)	(404,927)
IT support expenses		(200,681)	(207,422)
Telecommunication costs		(327,718)	(208,930)
Legal and statutory costs		(299,342)	(312,646)
Printing, stationery and postage		(221,001)	(126,757)
Other expenses		(276,581)	(115,473)
<b>Profit / (Loss) before income tax expense</b>		<b>699,276</b>	<b>(894,268)</b>
<b>Income tax (expense) / credit</b>	<b>6</b>	<b>(538,052)</b>	<b>624,308</b>
<b>Net Profit / (Loss) for the year attributable to members of parent</b>		<b>161,224</b>	<b>(269,960)</b>
Other comprehensive income			
<b>Foreign currency translation gain / (loss)</b>		<b>(6,623)</b>	<b>(6,729)</b>
<b>Total comprehensive income</b>		<b>(6,623)</b>	<b>(6,729)</b>
Total comprehensive income/ (loss) attributable to members of the parent entity		154,601	(276,689)
From Operations			
Basic and diluted earning/(loss) per share (cents per share)	8	0.16	(0.27)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

## Statement of financial position

As at 31 march 2011

		Consolidated Entity	
	Note	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	1,500,697	1,935,526
Trade and other receivables	10	1,883,708	731,604
Inventories	11	85,345	99,105
Other current assets	15	6,647	14,747
<b>TOTAL CURRENT ASSETS</b>		<b>3,476,397</b>	<b>2,780,982</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	13	405,762	250,501
Deferred tax assets	6	335,099	663,983
Intangible assets	14	11,876,593	11,164,900
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12,617,454</b>	<b>12,079,384</b>
<b>TOTAL ASSETS</b>		<b>16,093,851</b>	<b>14,860,366</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	1,904,872	1,027,688
Unearned revenue	16d	772,028	717,084
Short-term borrowings	17	5,147	100,741
Short-term liabilities	18	364,054	214,664
Provision For Income Tax		211,563	97,809
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,257,664</b>	<b>2,157,986</b>
<b>NON-CURRENT LIABILITIES</b>			
Unearned revenue	16d	106,875	106,875
Long-term borrowings	17	-	20,794
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>106,875</b>	<b>127,669</b>
<b>TOTAL LIABILITIES</b>		<b>3,364,539</b>	<b>2,285,655</b>
<b>NET ASSETS</b>		<b>12,729,312</b>	<b>12,574,711</b>
<b>EQUITY</b>			
Contributed equity	19	48,929,120	48,929,120
Accumulated losses		(36,078,375)	(36,239,599)
Foreign Currency Translation Reserve		(121,433)	(114,810)
Parent interest		12,729,312	12,574,711
<b>TOTAL EQUITY</b>		<b>12,729,312</b>	<b>12,574,711</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity  
For the year ended 31 march 2011

Consolidated Entity	Ordinary Share Capital	Accumulated Losses	FCTR <sup>2</sup>	Total
	\$	\$	\$	\$
<b>Balance at 1 April 2009</b>	<b>48,929,120</b>	<b>(35,969,639)</b>	<b>(108,081)</b>	<b>12,851,400</b>
Net Profit / (Loss) for the year	-	(269,960)	-	(269,960)
Other comprehensive income	-	-	(6,729)	(6,729)
Total comprehensive income	-	(269,960)	(6,729)	(276,689)
<b>Balance at 31 March 2010</b>	<b>48,929,120</b>	<b>(36,239,599)</b>	<b>(114,810)</b>	<b>12,574,711</b>
Profit / (Loss) for the year	-	161,224	-	161,224
Other comprehensive income	-	-	(6,623)	(6,623)
Total comprehensive income	-	161,224	(6,623)	154,601
<b>Balance at 31 March 2011</b>	<b>48,929,120</b>	<b>(36,078,375)</b>	<b>(121,433)</b>	<b>12,729,312</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Statement of cash flows

For the year ended 31 march 2011

Consolidated Entity

	Note	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		10,320,642	10,433,305
Payments to suppliers and employees		(9,091,354)	(7,868,525)
Interest received		53,517	34,644
Finance costs		(13,146)	(54,827)
Income tax paid		(104,843)	(4,183)
<b>Net operating cash flows</b>	<b>25(a)</b>	<b>1,164,816</b>	<b>2,540,414</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment		(361,660)	(132,993)
Purchase of intangible assets		(1,121,598)	(606,443)
<b>Net investing cash flows</b>		<b>(1,483,258)</b>	<b>(739,436)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of borrowings		(116,387)	(1,027,502)
<b>Net financing cash flows</b>		<b>(116,387)</b>	<b>(1,027,502)</b>
Net increase/(decrease) in cash held		(434,829)	773,476
Cash at the beginning of the financial year		1,935,526	1,162,050
<b>Cash at the end of the financial year</b>	<b>9</b>	<b>1,500,697</b>	<b>1,935,526</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the financial statements

### For the year ended 31 march 2011

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### Corporate Information

The financial report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of assets.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Medtech Global Limited is a company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

This report is to be read in conjunction with any public announcements made by Medtech Global Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Stock Exchange Listing Rules.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

##### Basis of Preparation

This financial report includes results of the consolidated entity, consisting of Medtech Global Limited and its controlled entities.

##### Compliance with IFRS

The financial report complies with Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS) as issued by the International Financial Reporting Standards Board.

##### Historical cost basis

The financial report has been prepared on a historical cost basis.

##### Critical accounting estimates

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

## Accounting Policies

### a) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Medtech Global Limited controlled from time to time during the year and at balance date. Details of the controlled entities are contained in note 12.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses including any unrealised profits or losses, have been eliminated on consolidation.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Medtech Global Limited are accounted for at cost less any impairment losses in the separate financial statements of the parent entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition (see note (h)).

Non-controlling interests not held by the Group are allocated their share of net profit after tax in the statement of comprehensive income (profit or loss) and are presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

### b) Segment reporting – refer note 24

The group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (CEO) in assessing performance and in determining the allocation of resources. The operating segments are geographic. A geographic segment is a distinguishable component of the entities that is engaged in providing products and services within a particular economic environment and is subject to its risks and returns.

### c) Foreign currency transactions and balances

#### (i) Functional and presentation currency

The functional currency of each of the group entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

## **(ii) Transactions and balances**

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Resulting exchange differences arising on settlement or restatement are recognised as revenues and expenses for the financial year.

## **(iii) Translation of Group Companies functional currency to presentation currency**

The results of the New Zealand subsidiaries are translated into Australian Dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in Equity.

On consolidation, exchange differences arising from the translation of the net investment in New Zealand subsidiaries are taken to the foreign currency translation reserve in Equity. If a New Zealand subsidiary were sold, the proportionate share of the exchange difference would be transferred out of Equity and recognised in the statement of comprehensive income (profit or loss).

## **d) Revenue**

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from the provision of services to a customer is recognised upon delivery of the service. Certain clients may be invoiced in advance of provision of services and this amount is recognised as a liability until the service is performed. Revenue from the sale of rights to use the products (license) is recognised when the license is delivered.

Interest revenue is recognised as interest accrues using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

## **e) Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income (profit or loss) over the period necessary to match them on a systematic basis to the costs that they are intended to compensate.

Government grants relating to purchase of property, plant and equipment, except for R & D Grants, are included in non-current liabilities as deferred income and are released to the statement of comprehensive income (profit or loss) on a straight-line basis over the expected useful life of the asset.

R & D Grants are credited against Income Tax Expense.

## **f) Income Tax – refer note 6**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets is reviewed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities, when recognised, will be measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**g) Hire Purchase and Leased Assets – refer note 13 & 21**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement and require an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease assets are depreciated on a straight-line basis over their estimated useful lives.

Operating lease payments are recognised as an expense in the statement of comprehensive income (profit or loss) on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

**h) Business combinations**

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for in separate steps. Any additional acquired share of interest did not affect previously recognised goodwill. The goodwill amounts calculated at each step acquisition were accumulated.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were adjusted against goodwill.

**i) Impairment of non-financial assets other than goodwill – refer note 14**

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

**j) Cash and cash equivalents – refer note 9**

Cash and cash equivalents in the statement of financial position comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**k) Trade and other receivables – refer note 10**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income (profit or loss) when the trade and other receivables are de-recognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

Trade receivables which generally have 30-60 day terms are carried at original invoice amount, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the receivable.

Financial difficulties of the debtor, default payments are considered objective evidence of impairment.

**l) Inventories– refer note 11**

Inventories include database licences and are stated at the lower of cost and net realisable value.

Cost comprises of direct materials and related transportation costs in bringing each product to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**m) Investments in controlled entities – refer 12**

Shares in controlled entities are measured at cost less any impairment losses.

**n) Property, plant and equipment – refer note 13**

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, where applicable.

The carrying amount of plant and equipment is reviewed for impairment annually for events or changes in circumstances that indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the statement of comprehensive income (profit or loss) in the other expenses line item.

**Depreciation**

The depreciable amount of plant and equipment are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20-60%
Leased plant and equipment	40%

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted (if appropriate), at each financial year end.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount. Gains or losses are recognised in the statement of comprehensive income (profit or loss).

All repairs and maintenance are recognised in the statement of comprehensive income (profit or loss) as incurred.

**De-recognition**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

**o) Goodwill and Intangibles – refer note 14**

**Goodwill**

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income (profit or loss).

After initial recognition, goodwill is measured at the amount recognised at acquisition date less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Impairment losses recognised for goodwill are not subsequently reversed.

**Intangibles**

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of comprehensive income (profit or loss) in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is accounted for as a change in accounting estimate.

The intangible assets amortisation methods, useful lives and residual values are reviewed and adjusted (if appropriate) at each financial year end.

**Licences, Rights and Brand Names – refer note 14**

Licences, Rights and Brand Names are initially brought to account at cost of acquisition and are amortised over the period in which their benefits are expected to be realised. The balances are reviewed annually and any balance representing future benefits for which realisation is no longer probable, are written off. Licences, Rights and Brand Names are amortised on a straight line basis over the period of 8

years. Amortisation commences from the time of the first binding contract to sell the product is signed.

#### Research and development – refer note 14

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense when incurred.

Capitalised development costs recorded as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 2.5 to 10 years.

Capitalised development costs are carried at cost less accumulated amortisation less impairments. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period. Impairment is determined when the expected discounted future cash flows (recoverable amount) is less than its carrying value. Impairment is recognised as soon as it is determined.

#### Customer Relationships – refer note 14

Customer relationships have finite useful lives and are amortised over a 20 year period and this expense is taken to the statement of comprehensive income (profit or loss).

#### Software – refer note 14

Software represents cost of development of Medtech Evolution and will be amortised over two & a half years from the time the software becomes commercially available.

Capitalised development costs are carried at cost less accumulated amortisation less impairments. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period. Impairment is determined when the expected discounted future cash flows (recoverable amount) is less than its carrying value. An impairment is recognised as soon as it is determined.

#### p) Trade and other payables – refer note 16

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### q) Interest-bearing loans and borrowings – refer note 17

All loans and borrowings are initially recognised at fair value, less directly attributable transaction costs incurred. Interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income (profit or loss) over the period of the borrowings using the effective interest method.

Interest bearing loans and borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Borrowing costs are recognised as an expense when incurred. The company does not currently hold qualifying assets but if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing).

#### r) Unearned Revenue

Annual maintenance fees are charged against customers, except if customers pay in advance of more than one year. Maintenance fees are deferred and recognised as income in the statement of comprehensive income (profit or loss) over the contractual period.

#### s) Employee Benefits – refer note 18

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

#### Defined contribution superannuation schemes

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

#### Long service leave

Long service leave benefit is recognised at the present value of the obligation as at the reporting date.

#### t) Contributed equity – refer note 19

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the statement of comprehensive income (profit or loss) and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

**u) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

**v) Earnings per share – refer note 8**

Basic Loss/ Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted loss / Earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**w) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the taxation authority is presented as an operating cash flow.

Cash flows are presented on a gross basis. The GST components of cash flow arising from investing or financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Commitment and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

**x) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**y) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2011 reporting periods. The Company's assessment of the impact of these new standards and interpretations is that they have no material impact for financial reporting purposes. These are detailed in the table below.

Subsequent to balance date, the following standards have been published but the impact of these new standards is yet to be assessed by the company:

IFRS 10: Consolidation

IFRS 11: Joint Arrangements

IFRS 12: Disclosure of Interest on other Entities

IFRS 13: Fair Value Measurements

Reference	Title	Summary	Application date for Group*
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.</p> <ul style="list-style-type: none"> <li>(a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.</li> <li>(b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</li> <li>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</li> </ul>	1 April 2013
AASB 11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<ul style="list-style-type: none"> <li>➤ These amendments arise from the issuance of AASB 9 Financial Instruments that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 Financial Instruments: Recognition and Measurement.</li> <li>➤ This Standard shall be applied when AASB 9 is applied</li> </ul>	1 April 2013
AASB 124 (Revised)	Related Party Disclosures (December 2009)	<p>The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</p> <ul style="list-style-type: none"> <li>(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other</li> <li>(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other</li> <li>(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other</li> </ul> <p>A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p>	1 April 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	<p>This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.</p>	1 April 2011

Reference	Title	Summary	Application date for Group*
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	<p>These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit.</p> <p>The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.</p>	1 April 2011
AASB 2010-1	Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters	<p>First-time adopters of Australian Accounting Standards are permitted to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with Australian Accounting Standards that are included in AASB 2009-2.</p>	1 April 2011
AASB 1053	Application of Tiers of Australian Accounting Standards	<p>This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:</p> <ul style="list-style-type: none"> <li>(a) Tier 1: Australian Accounting Standards</li> <li>(b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements</li> </ul> <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> <li>(a) For-profit entities in the private sector that have public accountability (as defined in this Standard)</li> <li>(b) The Australian Government and State, Territory and Local Governments</li> </ul> <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> <li>(a) For-profit private sector entities that do not have public accountability</li> <li>(b) All not-for-profit private sector entities</li> <li>(c) Public sector entities other than the Australian Government and State, Territory and Local Governments</li> </ul>	1 April 2014
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	<p>Limits the scope of the measurement choices of non-controlling interest to instruments that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of NCI are measured at fair value.</p> <p>Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), in a consistent manner i.e., allocate between consideration and post combination expenses.</p> <p>Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated.</p> <p>Clarifies that the revised accounting for loss of significant influence or joint control (from the issue of IFRS 3 Revised) is only applicable prospectively.</p>	1 April 2011

Reference	Title	Summary	Application date for Group*
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	<p>Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.</p> <p>Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.</p> <p>Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions</p> <p>Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.</p>	1 April 2011
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	<p>This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are “consideration paid” in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.</p> <p>The interpretation states that equity instruments issued as payment of a debt should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.</p>	1 April 2011
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	<p>This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.</p> <p>These amendments have no major impact on the requirements of the amended pronouncements.</p>	1 April 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	<p>The amendments increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.</p>	1 April 2012
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	<p><b>The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:</b></p> <ul style="list-style-type: none"> <li>➤ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>➤ The remaining change is presented in profit or loss</li> </ul> <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p>	1 April 2013
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	<p>These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.</p>	1 April 2012

## NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are based on past performance and management's expectation for the future.

The Group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Estimated impairment of goodwill / intangibles

Goodwill and intangible assets with indefinite useful lives are allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. Refer to note 14 for further details of the assumptions used.

(b) Income taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Estimation of useful lives of intangible assets

The determination of useful lives of finite life intangible assets is based upon the period over which the finite life intangible asset is expected to generate cash flows.

(d) Impairment of financial assets

The impairment in financial assets is recognised when the present value of expected future cash flows is less than the carrying value of these assets.

Financial assets are tested for impairment at each reporting date or more frequently if events or changes in circumstances indicate that it might be impaired.

(e) Revenue recognition on software development and installation contracts

Revenue from software contracts is recognised when milestones and / or specific deliverables are met. The milestones and / or specific deliverables generally mirror the software development life cycle. The management exercises judgement in matching the software development life cycle as closely as possible to clients' requirements.

## NOTE 3: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of cash and short-term deposits with banks, accounts receivable and payable finance leases and loans to and from subsidiaries. The main purpose of non-derivative financial instruments is to raise finance for group operations.

The Group does not have any derivative instruments.

The Board reviews and agrees policies for each of these risks as summarised below.

### Interest rate risk

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian / New Zealand variable interest rate risk that are not designated in cash flow hedges:

Consolidated Entity	2011 \$	2010 \$
<b>Financial Assets</b>		
Interest bearing deposits	1,268,631	771,844
	<b>1,268,631</b>	<b>771,844</b>
<b>Financial Liabilities</b>		
Bank loans	-	-
Loan from Cereus Holdings Ltd	-	-
Loan from Pinnacle Developments Ltd	-	46,494
	-	<b>46,494</b>
<b>Net exposure</b>	<b>1,268,631</b>	<b>725,350</b>

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Group's policy is to maintain between 40-50% of its borrowings at fixed rates which are carried at amortised cost and it is acknowledged that fair value exposure is a by-product of the Group's attempt to manage its cash flow volatility arising from interest rate changes. Given the economic environment, the Group has 100% (2010: 100%) of its borrowings at fixed rates.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

	Effect on profit before tax increase / (decrease)		Effect on equity increase / (decrease)	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>Consolidated Entity</b>				
+0.75% (75 basis points)	11,579	5,440	8,105	3,808
-0.1% (10 basis points)	(154)	(725)	(108)	(508)

#### Interest rate risk sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the consolidated entity's profit before tax (through the impact on floating rate cash and borrowings). The same assumptions have been used for the years ended 2011 and 2010.

#### Foreign currency risk

	Effect on profit before tax increase / (decrease)		Other comprehensive income increase / (decrease)	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>Consolidated Entity</b>				
+2% AUD to USD (2010: +2%)	(253)	(977)	-	-
-2% AUD to USD (2010: -2%)	264	1,256	-	-
+2% AUD to Euro (2010: +2%)	(673)	(1,873)	-	-
-2% AUD to Euro (2010: -2%)	701	1,800	-	-
+2% AUD to CAD (2010: +2%)	(103)	-	-	-
-2% AUD to CAD (2010: -2%)	107	-	-	-

The company has significant operations in New Zealand and the Group's statement of financial position can be affected by movements in the NZD/AUD exchange rates. The Group seeks to mitigate the effect of any foreign currency exposure by borrowing in AUD.

The Group has minimal transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency. As at 31 March 2011, the Group's exposure to foreign currency trade receivables that is not designated in cash flow hedges amounted to:

Canadian Dollars:	AUD 5,255	(2010: AUD Nil)
United States Dollars:	AUD 12,926	(2010: AUD 8,079)
Euros:	AUD 34,329	(2010: AUD 91,778)

At 31 March 2011, the Group had no significant committed foreign currency purchases.

#### Currency risk sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in US Dollar, Canadian Dollar and Euros, with all other variables held constant, of the consolidated entity's profit before tax (due to changes in the value of monetary assets and liabilities not held in the entities functional currency, assuming year end levels of such items are held constant); and of the consolidated entity's equity due to changes in value of year end net assets held by non-AUD functional currency entities.

## Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and its subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group manages liquidity risk by forecasting and monitoring cash flows on a continuing basis.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and intercompany loans.

The Group's policy is that no more than 50% of borrowings should mature in any 12 month period. At 31 March 2011, 100% (2010: 100%) of the Group's debt will mature in less than one year. This breach is noted by management and shall continue as the financial liabilities are paid off.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. The respective undiscounted cash flows for the respective upcoming fiscal years for other obligations are presented.

The remaining contractual maturity of the Group's / consolidated entity's financial liabilities are:

### Consolidated Entity

	2011	2010
	\$	\$
6 months or less	5,147	100,741
6-12 months	-	-
1-5 years	-	20,794
Over 5 years	-	-
	<b>5,147</b>	<b>121,535</b>

The maturity analysis of financial assets / liabilities based on management's expectations is shown in the table below:

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant, equipment and investments in working capital (e.g. trade receivables). These assets are considered in the Group's overall liquidity risk.

Year ended 31 March 2011	Note	≤ 6 months \$	6-12 months \$	1-5 years \$	> 5 years \$	Total \$
<b>Consolidated Entity</b>						
<b>Financial Assets</b>						
Cash & cash equivalents (S&P A+ rating)	9	1,500,697	-	-	-	1,500,697
Trade & other receivables (Internally rated)	10	1,883,708	-	-	-	1,883,708
		<b>3,384,405</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,884,405</b>
<b>Consolidated Entity</b>						
<b>Financial Liabilities</b>						
Trade, other payables & provisions	16&18	(2,480,490)	-	-	-	(2,480,490)
Interest bearing loans & borrowings	17	(5,147)	-	-	-	(5,147)
		<b>(2,485,637)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,485,637)</b>
<b>Net maturity</b>		<b>898,768</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>898,768</b>

Year ended 31 March 2010	Note	≤ 6 months \$	6-12 months \$	1-5 years \$	> 5 years \$	Total \$
<b>Consolidated Entity</b>						
<b>Financial Assets</b>						
Cash & cash equivalents (S&P A+ rating)	9	1,935,526	-	-	-	1,935,526
Trade & other receivables (Internally rated)	10	731,604	-	-	-	731,604
		<b>2,667,130</b>				<b>2,667,130</b>
<b>Consolidated Entity</b>						
<b>Financial Liabilities</b>						
Trade, other payables & provisions	16&18	(1,340,161)	-	-	-	(1,340,161)
Interest bearing loans & borrowings	17	(121,535)	-	-	-	(121,535)
		<b>(1,461,696)</b>				<b>(1,461,696)</b>
<b>Net maturity</b>		<b>1,205,434</b>				<b>1,205,434</b>

#### Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

#### Credit risk

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents, trade and other receivables. The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any allowances for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. Exposure at reporting date is addressed in each applicable note.

The Group trades only with recognised, creditworthy third parties, and as such, collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant as a percentage of sales.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific approval from management.

The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

## NOTE 4: REVENUE AND OTHER INCOME

Consolidated Entity

	2011	2010
	\$	\$
Revenue		
— sale of goods	10,868,501	9,280,075
— Interest Received	54,098	37,351
<b>Total revenue</b>	<b>10,922,599</b>	<b>9,317,426</b>
Other income		
— miscellaneous	3,724	22,889
<b>Total other income</b>	<b>3,724</b>	<b>22,889</b>

## NOTE 5: EXPENSES

Consolidated Entity

	Note	2011	2010
		\$	\$
Finance costs:			
— external		9,783	11,085
— related parties		11,464	4,274
<b>Total finance costs</b>		<b>21,247</b>	<b>15,359</b>
Depreciation of non-current assets			
— plant and equipment	13	152,110	82,627
— leased plant & equipment	13	11,079	96,467
Total depreciation		163,189	179,094
Amortisation of Intangible assets			
— Amortisation of Intangibles assets	14	610,906	634,129
<b>Total depreciation &amp; amortisation</b>		<b>774,095</b>	<b>813,223</b>
Impairment of Intangible assets & investments			
— Impairment of Intangibles assets	14	-	2,073,770
<b>Total depreciation, amortisation and impairment</b>		<b>774,095</b>	<b>2,886,993</b>
Employee Benefit Expense			
— Defined Contribution Plans		84,468	69,838
<b>Total Employee Benefit Expenses</b>		<b>84,468</b>	<b>69,838</b>
Rental expense on operating leases			
— Lease payments		52,203	8,060
<b>Total expense on operating leases</b>		<b>52,203</b>	<b>8,060</b>

## NOTE 6: INCOME TAX EXPENSE

	Consolidated Entity	
	2011	2010
	\$	\$
a) The components of income tax expense comprise:		
Current tax	446,554	310,479
Deferred Income tax	91,498	(934,787)
	538,052	(624,308)
b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per statutory income tax rate		
Profit / (Loss) from operations	699,276	(894,268)
Prima facie tax payable on loss from ordinary activities before income tax at 30%		
— Australia and New Zealand (2010 - 30% in New Zealand)		
— Economic entity	209,783	(268,280)
Adjust: tax effects of permanent differences arising from		
Legal fees	5,401	610
Entertainment	450	2,376
Fines and penalties	60	3,441
Impairment of Software	-	346,760
Amortisation of customer relations	183,272	183,273
ASX fees and annual report expenses	5,380	4,133
Other	42,208	38,168
Adjust: Adjustments in respect of current income tax of previous years	91,498	(270,804)
Relating to origination and reversal of timing differences including brought forward tax losses	-	(663,986)
Income Tax attributable to parent entity	538,052	(624,308)
c) Recognised deferred tax assets and liabilities:		
	Consolidated Entity	
	2011	2010
	\$	\$
Opening balance	663,983	-
Credited/(Charged) to profit or loss	(328,884)	663,983
Closing balance	335,099	663,983
Gross Deferred tax asset	406,904	693,837
Gross Deferred tax liability	(71,805)	(29,854)
	335,099	663,983
Deferred tax asset		
Depreciation	245	-
Prepaid revenue	878,903	823,961
Employee provisions	277,653	158,413
Debt provisions	191,441	183,489
Other provisions	41,462	44,192
Brought forward loss	5,449	1,102,735
Total Temporary Differences	1,395,153	2,312,790
Deferred tax asset	406,904	693,837
Deferred tax liabilities		
Foreign Currency gains & losses	(239,351)	(97,222)
Other	-	(2,291)
Total Temporary Differences	(239,351)	(99,513)
Deferred tax liabilities	(71,805)	(29,854)

## Change in accounting estimate

In 2010, it became probable that the companies within the Group will be able to set-off the carried forward losses against future tax profits. Consequently, the Group recognised the deferred tax assets and liabilities relating to brought forward tax losses and timing differences in accordance with AASB 112 Income Taxes.

This change in accounting estimate resulted in a net credit to the statement of comprehensive income (profit or loss) of \$663,983 in the prior period.

This change in accounting estimate did not affect revenues, pre-tax income, cash-flows or income tax returns of the prior period.

## Change in future tax rate

In relation to a subsidiary - Medtech Ltd, incorporated in New Zealand, the government has announced a reduction in company tax rate from 30% to 28% with effect from 1 October 2010.

## Tax consolidation

### (i) Members of the tax consolidated group and the tax sharing arrangement

The Groups' New Zealand based entities: Medtech Ltd & MGL Capital Ltd have formed the only tax consolidated group within the business. The tax consolidated group is effective from 1 June 2008. MGL Capital Ltd is the head entity of this tax consolidated group. Under the New Zealand tax rules the members of the tax consolidated group assume income tax liabilities of the tax consolidated group should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

### (ii) Tax effect accounting by members of the tax consolidated group

All entities within the Group continue to account for their own current and deferred tax amounts in relation to unused tax losses and timing differences. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

## NOTE 7: AUDITORS' REMUNERATION

	Consolidated Entity	
	2011	2010
Audit Services	\$	\$
Auditor of the parent entity:		
Ernst & Young	92,498	58,845
Other auditors of subsidiaries: V. Narayanan & Co.	232	157
	<hr/> 92,730	<hr/> 59,002
Non Audit Services		
Ernst & Young, Taxation services	19,712	37,742
Other auditors of subsidiaries: V. Narayanan & Co.	249	-
	<hr/> 19,961	<hr/> 37,742

## NOTE 8: EARNINGS / (LOSS) PER SHARE

	Consolidated Entity	
	2011	2010
	\$	\$
a) Earnings/(Losses) used in calculating earnings/(loss) per share		
For basic earnings/(loss) per share		
Net earnings/(loss) from operations		
attributable to ordinary equity holders	161,224	(269,960)
Net earnings/(losses) used to calculate basic EPS	161,224	(269,960)
b) For diluted earnings/(loss) per share		
There are no dilutive instruments, therefore diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.	-	-
	Number of Shares	Number of Shares
c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	100,248,061	100,248,061

## NOTE 9: CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2011	2010
	\$	\$
Cash at bank and in hand	232,336	116,230
Short-term bank deposits	1,268,361	1,819,296
	1,500,697	1,935,526

The effective interest rate on short-term deposits was 3.5% (2010: 3.9%) and these deposits have an average maturity of 90 days.

### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	1,500,697	1,935,526
	1,500,697	1,935,526

## NOTE 10: TRADE AND OTHER RECEIVABLES

	Consolidated Entity	
	2011	2010
	\$	\$
<b>CURRENT</b>		
Trade receivables	2,075,149	934,617
Allowance for impairment of receivables	(191,441)	(203,013)
	1,883,708	731,604

### (a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of \$191,441 (2010: \$203,013) has been recognised by the Group in the current year. These amounts have been included in the statement of comprehensive income (profit or loss).

Movements in the allowance for impairment loss were as follows:

	Consolidated Entity	
	2011	2010
	\$	\$
At 1 April	203,113	80,633
Charge for the year	(300)	185,013
Amounts written off	(11,372)	(62,533)
At 31 March	191,441	203,113

At 31 March, the ageing analysis of number of days past due but not impaired trade receivables are as follows:

	Total	1-30 days past due date	31-60 days past due date	61-90 days past due date	+91 days past due date
2011 Consolidated Entity	971,612	716,577	97,359	50,589	107,087
2010 Consolidated Entity	237,243	110,984	31,394	34,896	59,969

### (a) Allowance for impairment loss

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

At the reporting date, the directors have reviewed the carrying value of trade receivables to determine whether there is any indication that those assets have been impaired. An amount of \$11,372 (2010: \$62,533) has been written off against trade receivables.

### (b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate to their fair value.

The maximum exposure to credit risk is the carrying amount of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

### (c) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 3.

## NOTE 11: INVENTORIES

	Consolidated Entity	
	2011	2010
	\$	\$
CURRENT		
Interbase licenses	2,225	-
Work In Progress	83,120	99,105
	<u>85,345</u>	<u>99,105</u>

## NOTE 12: CONTROLLED ENTITIES

### (a) Controlled entities

	Country of Incorporation	Percentage Owned (%)	
		2011	2010
Parent Entity			
Medtech Global Ltd	Aust		
Subsidiaries of Medtech Global Ltd			
AHTL Pty Ltd	Aust	100	100
Medtech Healthcare Pty Ltd	Aust	100	100
Medtech Limited	New Zealand	100	100
Computoc Medical Pty Limited	Aust	100	100
DGS Artslet Pty Limited	Aust	100	100
MGL Capital Ltd	New Zealand	100	100
Medtech Health Solutions Limited	India	100	100

All companies have a financial year end of 31 March.

## NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity	
	2011	2010
	\$	\$
PLANT AND EQUIPMENT		
At cost	1,681,865	1,344,922
Accumulated depreciation	(1,283,540)	(1,136,798)
	<u>398,325</u>	<u>208,124</u>
LEASED PLANT AND EQUIPMENT		
At cost	179,967	282,581
Accumulated depreciation	(172,530)	(240,204)
	<u>7,437</u>	<u>42,377</u>
Balance at the end of the year	<u>405,762</u>	<u>250,501</u>

### (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

Consolidated Entity:	Plant & Equipment	Leased Plant & Equipment	Total
	\$	\$	\$
Year Ended 31 March 2010			
Balance at the beginning of year	170,995	138,844	309,839
Additions (Disposals)	119,756	-	119,756
Depreciation expense	(82,627)	(96,467)	(179,094)
<b>Carrying Amount 31 March 2010</b>	<b>208,124</b>	<b>42,377</b>	<b>250,501</b>
Year Ended 31 March 2011			
Balance at the beginning of year	208,124	42,377	250,501
Additions/ (Disposals)	318,450	-	318,450
Transfers	23,861	(23,861)	-
Depreciation expense	(152,110)	(11,079)	(163,189)
<b>Carrying Amount 31 March 2011</b>	<b>398,325</b>	<b>7,437</b>	<b>405,762</b>

The leased assets are pledged as security. Refer to note 17c.

## NOTE 14: INTANGIBLE ASSETS

	Consolidated Entity	
	2011	2010
Goodwill		
Cost	2,210,370	2,210,270
Accumulated amortisation and impairment losses	(2,177,814)	(2,177,714)
Net carrying value	32,556	32,556
Customer Relationships		
Cost	12,218,112	12,218,112
Accumulated amortisation and impairment losses	(2,443,624)	(1,832,718)
Net carrying value	9,774,488	10,385,394
Trademarks and Licenses		
Cost	6,472,587	6,471,979
Accumulated amortisation and impairment losses	(6,467,528)	(6,467,529)
Net carrying value	5,059	4,450
Software		
Cost	1,281,833	1,251,833
Accumulated amortisation and impairment losses	(1,251,833)	(1,251,833)
Net carrying value	30,000	-
Development costs		
Cost	4,297,171	3,005,179
Accumulated amortisation and impairment losses	(2,262,681)	(2,262,679)
Net carrying value	2,034,490	742,500
Total Intangible Assets	11,876,593	11,164,900

Reconciliation of the carrying amounts of intangible assets at the beginning / end of the financial year.

	Opening Balance	Additions	Amortisation	Impairment	Closing Balance
Consolidated Entity	\$	\$	\$	\$	\$
Year ended 31 March 2011					
Goodwill	32,556	-	-	-	32,556
Customer relationships	10,385,394	-	(610,906)	-	9,774,488
Software	-	30,000	-	-	30,000
Development costs	742,500	1,291,990	-	-	2,034,490
Trademarks & Licenses	4,450	609	-	-	5,059
	11,164,900	1,322,599	(610,906)	-	11,876,593

	Opening Balance	Additions	Amortisation	Impairment	Closing Balance
Consolidated Entity	\$	\$	\$	\$	\$
Year ended 31 March 2010					
Goodwill	32,556	-	-	-	32,556
Customer relationships	10,996,300	-	(610,906)	-	10,385,394
Software	1,149,482	-	-	(1,149,482)	-
Development costs	947,511	742,500	(23,223)	(924,288)	742,500
Trademarks & Licenses	-	4,450	-	-	4,450
	13,125,849	746,950	(634,129)	(2,073,770)	11,164,900

Intangible assets, other than Goodwill have a finite life.

Consistent with prior years, customer relationships are continuing to be amortised over a 20 year period. The remaining amortisation period is 16 years.

Where the asset is available for use, development costs are amortised over 2.5 years to 10 years and are charged as an amortisation expense to the statement of comprehensive income (profit or loss).

In the prior year, software had been impaired, as the fair value it related to was less than its carrying value. The impairment was for Evolution 1.0 as it had been replaced by Evolution 2.0

For further information on the accounting policy and treatment of goodwill / intangibles refer to note 1 (o).

	Consolidated Entity	
	2011	2010
	\$	\$
Intangible assets with indefinite useful lives		
Goodwill	32,556	32,556

### Impairment Disclosures

Goodwill and other intangible assets such as software development costs not yet amortised, which are not subject to amortisation are allocated to cash-generating units which are based on the Group's reporting segments

### Software Development Costs

- Software Development Costs – New Zealand	961,000	295,000
- Software Development Costs – Australia	1,073,490	447,500

### Goodwill

- Goodwill – New Zealand	32,556	32,556
- Goodwill – Australia	-	-
Total	2,067,056	775,056

### Customer relationships

- Customer relationships	9,774,488	10,385,394
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### Goodwill and other intangible assets

Goodwill and software development costs which are not subject to amortisation are allocated to cash-generating units which are based on the Group's reporting segments for impairment testing. The cash-generating units are Australia and New Zealand. These allocations are determined on: a geographical component as units are subject to risk and returns different to other economic environments, and on aggregated operating units determined by the similarity of the products sold.

The recoverable amount of the Australia and New Zealand unit have been determined based on a value-in-use calculation using budget cash flow projections as at 31 March based on financial budgets approved by the Board covering a five-year period. The growth assumptions with respect to price and volume increases over the 5 year projections and discount rates for each cash-generating unit are determined using historical performance, expectations of macro-economic factors and expectations of the Board of Directors.

A value-in-use model was created to determine value-in-use, which was based on management's most recent cash flow forecasts over five years, using a terminal growth rate of 3.0% which was based on the management's long term expectations and a discount rate of 21% (2010: 25%) for New Zealand and 19% (2010:22%) for Australia.

### Sensitivity to changes in assumptions

As part of the sensitivity analysis performed, management have used alternate discount rates (31% for Australia, and 25% for New Zealand), and found that no impairment results using the higher discount rates. With regard to the assessment of the value in use of both CGU's, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to materially exceed its recoverable amount.

### Customer relationships

In respect of the customer relationship intangible asset, an impairment trigger was noted in that this balance was above the market capitalisation of the Group. Accordingly, impairment testing was performed in respect of this balance which supported the carrying value of the customer relationship intangible asset at 31 March 2011.

## NOTE 15: OTHER CURRENT ASSETS

	Consolidated Entity	
	2011	2010
	\$	\$
<hr/>		
CURRENT		
Prepayments & other debtors	6,647	14,747
	<hr/>	

## NOTE 16: TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2011	2010
	\$	\$
<hr/>		
CURRENT		
Unsecured liabilities		
Trade payables	855,582	604,312
Other payables and accrued expenses	1,049,290	423,376
Amounts payable to:		
- wholly owned subsidiaries	-	-
	<hr/>	
	1,904,872	1,027,688

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate to their fair value.

(b) Related party payables

Amounts payable to wholly owned subsidiaries are non-interest bearing and have no fixed repayment terms.

(c) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 3 of this financial report.

(d) Unearned Revenue

Unearned revenue represents revenue that has not yet been earned, but was invoiced to customers in accordance with contractual agreements.

	Consolidated Entity	
	2011	2010
	\$	\$
<hr/>		
CURRENT		
Unearned Revenue	772,028	717,084
NON-CURRENT		
Unearned Revenue	106,875	106,875
	<hr/>	
	878,903	823,959

## NOTE 17: INTEREST BEARING LOANS AND BORROWINGS

	Note	Consolidated Entity	
		2011	2010
		\$	\$
<b>CURRENT</b>			
Amount payable to related party	28	-	46,494
Lease liability	21	5,147	54,247
		5,147	100,741
<b>NON-CURRENT</b>			
Lease liability	21	-	20,794
<b>Total current and non-current loans &amp; borrowings</b>		<b>5,147</b>	<b>121,535</b>

- (a) Fair values  
The carrying amount of the Group's current and non-current borrowings, approximate to their fair values.
- (b) Interest rate, foreign exchange and liquidity risk  
Details regarding interest rate, foreign exchange and liquidity risk is disclosed in note 3.  
Terms and conditions relating to the above financial instruments
- Finance leases have lease terms of 36 and 48 months.
- (c) Assets pledged as security  
Loans from Cereus Holdings Ltd and Pinnacle Development Ltd are unsecured.  
Finance leases are secured over the assets financed.
- (d) Defaults and breaches  
During the current and prior years, there were no defaults or breaches on any of the loans and borrowings

## NOTE 18: SHORT-TERM LIABILITIES

	Consolidated Entity	
	2011	2010
	\$	\$
Employee entitlements	155,233	116,079
Salaries and wages	-	15,609
Bonuses	117,937	38,784
Audit fee	90,884	44,192
Closing Balance	364,054	214,664

### Employee Entitlements Liability

A liability has been recognised for employee entitlements relating to annual and long service leave.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits are covered in note 1 of this financial report.

## NOTE 19: CONTRIBUTED EQUITY

Fully Paid Ordinary Shares	Consolidated Entity	
	2011	2010
	\$	\$
Movement in Ordinary Share Capital		
Opening Balance 1 April	48,929,120	48,929,120
Shares Issued	-	-
Closing Balance 31 March	48,929,120	48,929,120
	Number of Shares	Number of Shares
	2011	2010
Movement in Number of Shares		
Opening Balance 1 April	100,248,061	100,248,061
Shares Issued	-	-
Closing Balance 31 March	100,248,061	100,248,061

### (a) Terms and conditions of issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or party at a meeting of the Company.

### (b) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital and high returns on fixed deposits. Due to changing market conditions, management may issue new shares or sell assets to reduce debt. No dividends were paid in the current or previous financial year.

Management monitor capital adequacy through the gearing ratio (net debt / total capital). The target gearing ratio for the Group is in the range of 25 – 30% of total equity. The gearing ratios based on operations at 31 March 2011 and 2010 were as follows:

	Note	Consolidated Entity	
		2011	2010
		\$	\$
Total borrowings*	16 & 17	1,910,019	1,149,223
Less cash and cash equivalents	9	(1,500,697)	(1,935,526)
Net debt		409,322	(786,303)
Total equity		12,729,312	12,574,711
Total capital		13,138,634	11,788,408
Gearing ratio		7.18%	(6.70%)

\*Includes interest bearing loans and borrowings and trade and other payables.

The Group is not subject to any externally imposed capital requirements.

#### (c) Nature and purpose of reserves

##### Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record gains and losses of the net investments in foreign operations.

## NOTE 20: Non-Controlling Interests

	Consolidated Entity	
	2011	2010
	\$	\$
Minority interest comprises:		
Beginning retained earnings	-	(79,665)
Less deregistration of subsidiary	-	79,665

## NOTE 21: CAPITAL AND LEASING COMMITMENTS

	Note	Consolidated Entity	
		2011	2010
		\$	\$
<b>(a) Finance Lease Commitments</b>			
Payable			
— not later than one year		5,295	58,481
— later than 1 year and not later than 5 years		-	22,657
Minimum lease payments		5,295	81,138
Less future finance charges		(148)	(6,097)
Net lease liability		5,147	75,041
Current lease liability	17	5,147	54,247
Non-current lease liability	17	-	20,794
		5,147	75,041

	Note	Consolidated Entity	
		2011	2010
		\$	\$

#### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

##### Payable

— not later than one year	307,603	111,607
— later than 1 year and not later than 5 years	742,385	297,353
	1,049,988	408,960

#### (c) Capital Expenditure Commitments

There were no capital commitments in existence at balance date.

## NOTE 22: DIVIDENDS

No dividends have been paid or declared since the beginning of the financial year.

## NOTE 23: CONTINGENT LIABILITIES / ASSETS

There were no contingent liabilities or assets in existence at reporting date.

## NOTE 24: SEGMENT REPORTING

### (a) Description of segments

#### Geographical segments

The consolidated entity operates in two main geographical areas: Australia and New Zealand. Both segments operate primarily in software development and licensing of healthcare and e-Business Solutions.

The home country of the parent entity is also the main operating entity.

	2011				
	Australia \$	NZ \$	Unallocated \$	Eliminated \$	Total \$
Rendering of Service	2,475,771	8,392,730	-	-	10,868,501
Other Income	-	3,724	-	-	3,724
Segment Revenue	2,475,771	8,396,454	-	-	10,872,225
Changes in inventories	(84,603)	(612,895)	-	-	(697,498)
Consulting fees	(689,540)	(1,225,534)	-	-	(1,915,074)
Impairment of receivables	(10,597)	10,897	-	-	300
Employee benefit expenses	(1,185,244)	(2,639,748)	-	-	(3,824,992)
Management fee to related party	1,725,483	(2,756,202)	152,257	-	(878,462)
Travelling expenses	(231,994)	(215,500)	-	-	(447,494)
Occupancy costs	(103,710)	(239,452)	-	-	(343,162)
IT support expenses	(192,347)	(8,334)	-	-	(200,681)
Telecommunication costs	(110,590)	(217,127)	-	-	(327,717)
Legal & statutory costs	(285,538)	(13,805)	-	-	(299,343)
Printing, stationery & postage	(80,159)	(140,842)	-	-	(221,001)
Other expenses	132,561	(116,191)	(292,951)	-	(276,581)
<b>EBIITDA</b>	<b>1,359,493</b>	<b>221,721</b>	<b>(140,694)</b>	-	<b>1,440,521</b>
Income tax (expense)/income	(524,949)	(13,103)	-	-	(538,052)
<b>Segment Profit After Tax</b>	<b>834,544</b>	<b>208,618</b>	<b>(140,694)</b>	-	<b>902,468</b>
<b>Segment Assets</b>	<b>(13,536,726)</b>	<b>(2,557,125)</b>	-	-	<b>(16,093,851)</b>
<b>Segment Liabilities</b>	<b>2,562,637</b>	<b>801,902</b>	-	-	<b>3,364,539</b>

## 2010

	Australia \$	NZ \$	Unallocated \$	Eliminated \$	Total \$
Rendering of Service	3,661,813	5,593,667	-	-	9,255,480
Other Income	24,595	22,889	-	-	47,484
<b>Segment Revenue</b>	<b>3,686,408</b>	<b>5,616,556</b>	<b>-</b>	<b>-</b>	<b>9,302,964</b>
Changes in inventories	(44,882)	(292,430)	-	-	(337,312)
Consulting fees	(877,197)	(445,042)	-	-	(1,322,239)
Impairment of receivables	(153,091)	(31,922)	-	-	(185,013)
Employee benefit expenses	(1,212,098)	(1,807,057)	-	-	(3,019,155)
Management fee to related party	1,383,943	(2,118,685)	-	-	(734,742)
Travelling expenses	(257,887)	(99,728)	-	-	(357,615)
Occupancy costs	(170,889)	(234,038)	-	-	(404,927)
IT support expenses	(206,058)	(1,364)	-	-	(207,422)
Telecommunication costs	(92,222)	(116,708)	-	-	(208,930)
Legal & statutory costs	(236,038)	(76,608)	-	-	(312,646)
Printing, stationery & postage	(63,199)	(63,558)	-	-	(126,757)
Other expenses	28,824	(64,626)	(79,671)	-	(115,473)
<b>EBIITDA</b>	<b>1,785,614</b>	<b>264,790</b>	<b>(79,671)</b>	<b>-</b>	<b>1,970,733</b>
Income tax (expense)/income	495,661	128,647	-	-	624,308
<b>Segment Profit After Tax</b>	<b>2,281,275</b>	<b>393,437</b>	<b>(79,671)</b>	<b>-</b>	<b>2,595,041</b>
<b>Segment Assets</b>	<b>(13,144,735)</b>	<b>(1,715,632)</b>	<b>-</b>	<b>-</b>	<b>(14,860,366)</b>
<b>Segment Liabilities</b>	<b>2,391,848</b>	<b>106,193</b>	<b>-</b>	<b>-</b>	<b>2,285,655</b>

Reconciliation of Segment Revenue to the Statement of Comprehensive Income:

	Consolidated Entity	
	2011	2010
	\$	\$
Segment Revenue	10,872,225	9,302,964
Other Income	(3,724)	(22,889)
Interest received	54,098	37,351
<b>Total Revenue per the Statement of Comprehensive Income</b>	<b>10,922,599</b>	<b>9,317,426</b>

Reconciliation of Segment Profit after Tax to the Statement of Comprehensive Income:

	Consolidated Entity	
	2011	2010
	\$	\$
Segment profit after tax	902,468	2,595,041
Income tax expense	538,052	(624,308)
Interest received	54,098	37,351
Interest expense	(21,247)	(15,359)
Depreciation and amortisation	(774,095)	(813,223)
Impairment of IP	-	(2,073,770)
<b>Total net profit/(loss) before tax per the statement of comprehensive income</b>	<b>699,276</b>	<b>(894,268)</b>

b) Notes to and forming part of the segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and Accounting Standard AASB 8 Operating Segments. EBITDA is the segment profit measure.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage.

Segment liabilities consist primarily of trade and other creditors, employee benefits and provision for service warranties. Segment assets and liabilities do not include income taxes.

(ii) Major Customers

The Group has a number of customers to which it provides products and services. No single external customer's transactions amount to 10% or more of revenue.

## NOTE 25: CASH FLOW INFORMATION

### (a) Reconciliation of Cash Flow from Operations with Loss from ordinary activities after Income Tax

	Consolidated Entity	
	2011	2010
	\$	\$
Loss from ordinary activities after income tax	161,224	(269,960)
Non-cash flows in loss from ordinary activities		
Depreciation and amortisation	774,095	813,223
Impairment of intangibles & investments	-	2,073,770
Foreign exchange gain	(6,623)	(6,729)
Changes in assets and liabilities, net of the effects of purchase / disposal of subsidiaries		
Decrease / (Increase) in trade & other receivables	(1,152,104)	(19,659)
Decrease / (Increase) in other current assets	8,101	14,906
Decrease / (Increase) in inventories	13,758	(77,003)
Increase/(Decrease) in trade and other payables	1,060,010	(8,013)
(Decrease)/Increase in provisions	306,355	19,879
Cash Flows from Operating Activities	1,164,816	2,540,414

### (b) Non-cash Financing and Investing Activities

There was no non-cash financing and investing activities during the financial year, see note 30, Business Combination.

### (c) Credit Standby Arrangements with Banks

There were no credit standby arrangements with banks at balance date.

## NOTE 26: INFORMATION RELATING TO MEDTECH GLOBAL LTD (“the parent entity”)

	2011	2010
	\$	\$
Current Assets	766,515	728,238
Total Assets	17,247,129	15,921,891
Current Liabilities	(2,255,824)	(1,394,177)
Total Liabilities	(2,255,824)	(1,394,177)
Contributed Equity	48,929,120	48,929,120
Accumulated Losses	(33,937,815)	(34,401,406)
	14,991,305	14,527,714
Profit or loss of the parent entity	463,590	(188,860)
Total Comprehensive income of the parent entity	463,590	(188,860)

There are no contingent liabilities relating to the parent company nor have they committed to any guarantees.

## NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events subsequent to reporting date.

## NOTE 28: RELATED PARTY DISCLOSURES

### Parent entity

Cereus Holdings Ltd (incorporated in New Zealand) is the parent and the ultimate holding entity of the Group.

### Subsidiaries

Interests in subsidiaries are disclosed in note 12 of this financial report.

### Transactions with related parties

The following transactions also occurred with related parties:

	Consolidated Entity	
	2011	2010
	\$	\$
Management and administration services		
Services provided by other related party – Cereus Holdings Ltd, a company controlled by Mr. V. Ramayah	878,462	734,742
Software Services & Development		
Services provided by other related party – Inlogic Bizcom Private Limited, a company associated by Mr. V. Ramayah	1,982,000	1,747,906
Consulting Services		
TSL Technical Systems Ltd – a company controlled by Mr. P Sergent	-	143,469
CRM 4 Sight Ltd – a company controlled by Mr. S. Samaraweera	163,254	175,451
Darjack Pty Ltd – a company controlled by Mr. D Stuart	41,303	132,450
Assignment of Distribution Rights (Receivable) Darjack Pty Ltd – a company controlled by Mr. D Stuart	-	39,600
Occupancy		
Occupancy services provided by Pinnacle Developments Ltd – a company controlled by Mr. V Ramayah.	196,265	327,926
Long-term borrowings/(repayment)		
Long term loan from Pinnacle Developments Ltd – a company controlled by Mr. V Ramayah.	(42,870)	(254,108)

All related party transactions were concluded at arms length, at normal commercial terms and settled in cash.

## Outstanding balances

The following balances are outstanding at reporting date in relation to transactions with related parties.

	Consolidated Entity	
	2011	2010
	\$	\$
<hr/>		
Long-term borrowings – Interest Bearing		
Loan from related party – Pinnacle Developments Ltd (a company controlled by Mr V Ramayah)	-	46,494
Short Term Borrowings – Non Interest Bearing		
Loan from related party - Cereus Holdings Ltd (a company controlled by Mr. V. Ramayah)	-	69,673
		<hr/>
		116,167

Long-term borrowing from Pinnacle Developments Ltd is unsecured and is nil as there are no borrowings in the current year (2010: 90 day bank bill rate plus 2%).

	Consolidated Entity	
	2011	2010
	\$	\$
<hr/>		
Consulting & software services		
Inlogic Bizcom (Pvt) Ltd – a company associated with Mr. V Ramayah	520,228	458,250
Darjack Pty Ltd – a company controlled by Mr D. Stuart.	(8,250)	(23,650)
Mr D Stuart	-	500
TSL Technical Systems Ltd – a company controlled by Mr. P Sergeant	-	11,025
	<hr/>	<hr/>
	511,978	446,125

## Transactions with Key management personnel (KMP)

Details relating to KMP, including remuneration paid, are included in the remuneration report.

## NOTE 29: DIRECTORS' AND EXECUTIVES' COMPENSATION

### (a) Details of Key Management Personnel

The following persons were key management personnel of Medtech Global Limited during the financial year.

Name	Position Held
Mr Vinogopal Ramayah	Executive Chairman
Mr Russell Graham Clarke	Executive Director
Mr Darryl Stuart	Non Executive Director
Mr Ravindran Govindan	Non Executive Director
Mr Sanjeewa Samaraweera	Chief Operating Officer
Ms Reena Bose	Financial Controller
Mr Michael Gaylard	Non-Executive Director
Mr Andrew Carmody	General Manager – New Zealand

### (b) Compensation of Key Management Personnel

2011	Short-term employee benefits	Post-employment Benefits	Long-term	Share-based payment	Total Compensation
Total	1,101,782	17,215	-	-	1,118,997

2010	Short-term employee benefits	Post-employment Benefits	Long-term	Share-based payment	Total Compensation
	984,873	8,965	-	-	993,838

Refer to the disclosures in the Director's report for further information on Key Management Personnel.

### (c) Equity Instruments

Options and rights granted as compensation

No options were granted to the key management personnel during the financial year.

Equity instruments issued on exercise of remuneration options

No options were exercised by the key management personnel during the financial year.

Shareholdings

The number of shares held by Parent Entity Directors and Key Management Personnel:

#### Directors

	Balance 31 March 2009	Other Net Change*	Balance 31 March 2010	Other Net Change*	Balance 31 March 2011
Mr V Ramayah	62,245,344	5,295,522	67,540,866	-	67,540,866
Mr R Govindan	3,297,006	-	3,297,006	-	3,297,006
Mr D Stuart	1,375,000	-	1,375,000	(625,000)	750,000
Mr R Clarke	109,000	-	109,000	-	109,000
Mr M Gaylard (appointed 21 April 2011)	-	-	-	-	-

#### Key Management Personnel

J Kennedy (resigned 30 May 2008)	-	-	-	-	-
S Samaraweera	-	-	-	-	-
R Bose	-	-	-	-	-
A Carmody	-	-	-	-	-

\* Other Net change refers to shares purchased or sold during the financial year.

- Mr V Ramayah has an interest of 67,540,866 shares in the company held by Cereus Holdings Ltd.
- Mr R Govindan has an interest of 3,244,506 ordinary shares held directly and 52,500 held by Mercatus-Capital Pte Ltd.
- Mr D Stuart has an interest of 750,000 shares held directly and an interest in 625,000 shares held through Medtamic Holdings Pty Ltd which was sold during the year.
- Mr R Clarke has an interest of 10,000 ordinary shares held directly, 89,000 shares held by R G Clarke & Associates, and 10,000 shares held by The Russell Clarke Family Trust.

Other transactions and balances with Key Management Personnel are disclosed in Note 28.

## NOTE 30: BUSINESS COMBINATION

Year ended 31 March 2011

In the current year no new acquisitions were made.

Year ended 31 March 2010

In the year no new acquisitions were made.

## CORPORATE GOVERNANCE STATEMENT

Medtech Global Limited remains committed to corporate governance practices that are compatible with the Company's age and size and which ensure an appropriate degree of accountability and transparency to shareholders and other stakeholders.

ASX Listing rule 4.10.3 requires that Medtech Global Limited disclose the extent to which it has followed the recommendations of the ASX Corporate Governance Council's ('ASX CGC') Corporate Governance Principles and Recommendations (2nd Edition) during the 2011 year.

### PRINCIPLE 1 – Lay solid foundations for management and oversight

The Medtech Global board retains responsibility for the following areas:

- a) setting and monitoring of objectives, goals and strategic direction for management with a view to maximising shareholder wealth,
- b) approving an annual budget and monitoring financial performance,
- c) ensuring adequate internal controls exist and are appropriately monitored for compliance,
- d) ensuring significant business risks are identified and appropriately managed,
- e) approving acquisitions,
- f) ensuring compliance with statutory requirements,
- g) selecting and appointing new Directors, and
- h) maintaining the highest business standards and ethical behaviour.

The board has delegated authority within the following areas to the Chief Executive Officer:

- a) monitoring, and reporting to the board of directors, the performance of the business and its constituent units and managers,
- b) ensuring that the business processes in relation to risk management and assurance are met, and
- c) approving minor capital expenditure (excluding acquisitions).

The principles adopted for performance evaluation of key executives is outlined in the remuneration section of the director's report.

In summary the board evaluates the performance of the Chief Executive Officer and other senior executives on an annual basis. When considering performance, the board has regard for such things as;

- a) The responsibilities of the executive,
- b) The approved annual budgets,
- c) Any communicated key performance indicators, and
- d) Qualitative as well as quantitative measures.

In relation to the directors, the process for evaluating performance is more informal but nonetheless effective.

Directors and key executives have ongoing access to continuing education to enhance their skills and knowledge and the board has access to independent professional advice at the company's expense. In addition, all directors have access to the Company Secretary who is responsible to the board, through the Chairman, on all governance matters.

### PRINCIPLE 2 – Structure the board to add value

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the directors' report. Directors of Medtech Global Limited are considered to be independent when they are independent of man-

agement and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Medtech Global Limited are considered to be independent:

Name	Position
Ravindran Govindan	Non – executive director
Darryl Stuart	Non – executive director

There are procedures in place, agreed by the board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Vino Ramayah - Chairman and CEO	4.75 years
Russell Clarke - Executive director	4.75 years
Darryl Stuart - Non executive director	3 years
Ravindran Govindan - Non executive director	4.75 years

### Performance

The performance of the board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, performance evaluations were conducted that involved an assessment of each board member's and key executive's performance against specific and measurable qualitative and quantitative performance criteria.

The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of Medtech Global Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

Due to its limited size and lack of complexity, the board has adopted the position that the responsibility of a nomination committee should be fulfilled by the full board.

### PRINCIPLE 3 – Promote ethical and responsible decision making

The Company recognises its corporate regulatory responsibilities, and has developed and maintained the necessary systems and operational procedures and protocols to ensure it satisfies these obligations.

Medtech Global Limited is in the process of developing a Corporate Governance Charter which amongst other things includes the general principles of the Company's Codes of Conduct. The board believes that a key driver of corporate governance is to communicate the key policies to management and staff and to monitor and embed them throughout all functions. These codes of conduct are monitored and reviewed on an ongoing basis by the board and cover:

- a) Employee share trading policies.
- b) Appropriate levels of disclosure and liaison with shareholders.
- c) Relationships with customers and suppliers.
- d) Employment practices of the company.
- e) Community relations.

In addition to the above, all directors and senior management strive to ensure that the Company;

- a) Complies with laws and regulations, and
- b) Ethical and environmental responsibilities

#### Trading policy

The purpose of this policy is to prevent insider trading by company officers, key management personnel and employees when they have inside information. Expressions used in this policy are defined by the Listing Rules.

#### 1. Trading prohibition for all directors, company secretary, key management and employees with price sensitive information

Directors, company secretary, key management and employees, who are in the possession of unpublished, price sensitive information in relation to securities in the Company, must not, until such price sensitive information is released to the public or it ceases to be price sensitive information:

- a) trade in any securities of the Company at any time;
- b) must not advise, procure or encourage another person to buy or sell securities in the Company at any time;
- c) pass on information to any other person, if they know or ought reasonably to know that the person may use the information to buy or sell (or procure another person to buy or sell) securities in the Company.

Breach of these insider trading prohibitions may be severe and could expose the person responsible to criminal and civil liability. Compliance with insider trading law is an individual's responsibility and breach will be considered by MDG as serious misconduct which may lead to disciplinary action and/or dismissal.

#### 2. Trading prohibition for all directors, company secretary, key management and employees during closed periods

Directors, company secretary, key management and employees must not buy or sell securities in the Company during any closed period, which is:

- a) The period between the end of MDG's financial year and the preliminary announcement of the full year financial results; and
- b) The period between the end of MDG's financial half year and the publication of MDG's half year financial results.

#### 3. Trading in securities of the Company not subject to MDG's securities trading policy

Trading in securities of the Company are not subject to MDG's securities trading policy in the following circumstances:

- a) undertaking or elections to take up entitlements under a rights issue or other offer;
- b) The take up of entitlements under a rights issue or other offer;
- c) Allowing entitlements to lapse under a rights issue or other offer;
- d) The sale of sufficient entitlements nil-paid to take up the balance of the entitlements under a rights issue;

- e) Undertakings to accept, or the acceptance of, a takeover offer;
- f) Trading where the beneficial interest in the relevant NDG security does not change;
- g) Transactions conducted with a spouse, civil partner, child or step-child;
- h) Transfers of MDG securities already held by means of a matched sale and purchase into a saving scheme or into a pension scheme in which the director, company secretary, key management person or employee is a participant or beneficiary;
- i) an investment by a director, company secretary, key management person or employee in a scheme or arrangement where the assets of the scheme (other than a scheme investing only in MDG securities) or arrangement are invested at the discretion of a third party;
- j) bona fide gifts to a director, company secretary, key management person or employee by a third party.

#### 4. Exceptional circumstances when certain trading in securities of the Company may be permitted during a closed or prohibited period with prior written clearance.

A director, company secretary, key management person or employee, who is not in possession of any unpublished, price-sensitive information in relation to the securities of the Company may be given clearance to sell (but not buy) securities, during a closed or prohibited period if he or she is in severe financial difficulty or there are other exceptional circumstances.

A person may be in severe financial difficulty if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant MDG securities. A liability of such a person to pay tax would not normally constitute severe financial difficulty unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the MDG securities or there is some other overriding legal requirement for him or her to do so.

Requests to consider the sale of the Company's securities during a prohibited period must be in writing, addressed to the director designated by the Board for this purpose and delivered by hand, mail, facsimile or email. The clearance request must be accompanied with details of the severe financial difficulty or exceptional circumstance as MDG may be required to notify the

ASX accordingly. The determination of whether the person in question is in severe financial difficulty or whether there are other exceptional circumstances can only be made by the director designated by the board for this purpose.

The written clearance to sell the Company's securities will require the trade to be completed within a specified two week period. The written clearance must be in writing and delivered by hand, mail, facsimile or email.

#### PRINCIPLE 4 – Safeguard integrity of financial reporting

##### Audit committee

The board has established an audit committee, which operates under a charter approved by the board. It is the board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the audit committee.

The committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the audit committee during the year were:

Name	Position
Russell Clarke	Executive Director
Michael Gaylard	Company Secretary
Reena Bose	Financial Controller

Due to the limited size, lack of complexity and relatively small number of directors the board has adopted the position that the audit committee comprising one non executive director, the company secretary (non executive), one executive director and the financial controller is acceptable for the groups present needs.

For details on the number of meetings of the audit committee held during the year and the attendees at those meetings, refer to the directors' report.

#### **PRINCIPLE 5 – Make timely and balanced disclosure**

The Chairman, Chief Executive Officer and Financial Controller and Company Secretary ensure compliance with the continuous disclosure requirements of the ASX Listing Rules and, in particular, Listing Rule 3.1, however the Company does not currently have a formal written policy in place and relies on the extensive experience of the board and senior management to ensure ongoing compliance.

#### **PRINCIPLE 6 – Respect the rights of shareholders**

Medtech Global Limited's objective is to promote effective communication with its shareholders at all times.

Medtech Global Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about Medtech Global Limited's activities in a balanced and understandable way.
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia.
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with Medtech Global Limited.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX.
- Through the distribution of the annual report and notices of annual general meeting.
- Through shareholder meetings and investor relations presentations.
- Through letters and other forms of communications directly to shareholders.
- By posting relevant information on Medtech Global Limited's website: [www.medtechglobal.com](http://www.medtechglobal.com).

The Company's website at [www.medtechglobal.com](http://www.medtechglobal.com) has a dedicated investor relations section for the purpose of publishing all important company information and relevant announcements made to the market.

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

#### **PRINCIPLE 7 – Recognise and manage risk**

The Company has not yet formalised its policy on risk oversight and management and thus does not comply with this recommendation.

However, the board intends to develop a formal policy this financial year with the purpose of identifying and monitoring key material business risk. The board regularly requires the Chief Executive Officer and / or other senior executives to present for approval, action plans for the management of identified risks. The board delegates the responsibility for the management of identified risk to the Chief Executive Officer and the senior management team and / or where appropriate seeks advice directly from external advisers in relation to these matters.

Whilst the board is confident that the scale and lack of complexity provides a model that readily facilitates the identification, monitoring and managing of risk in a pro-active way, this will be assisted by the development of a formal risk management policy.

In conjunction with the company's intention to develop a risk management policy this financial year, this will incorporate an ongoing assessment of the existing risk management and internal control system together with identifying opportunities for ongoing improvement.

The Chief Executive Officer and the Financial Controller have provided the board with a written opinion on the system of risk management, internal compliance and control systems.

The board is confident that the scale, lack of complexity and concentrated location of the Company's business activities provides a model for ensuring that internal control, compliance, and risk management are operating to the required standard and that this view is founded on policies and controls which adequately supported the board's risk profile for the 2011 financial year.

#### **PRINCIPLE 8 – Remunerate fairly and responsibly**

Due to the limited size and lack of complexity of the company, the board does not consider that a separate remuneration committee is required and thus does not fully comply with this recommendation.

The board reviews the remuneration packages and policies applicable to the Chief Executive Officer, executives, and senior officers on an annual basis. The board may also obtain independent advice on the appropriateness of remuneration packages.

The level of remuneration for each director and specified executive is detailed in the directors' report and notes to the financial statements. The principles, details of remuneration and terms of contracts are also outlined in the remuneration report section of the director's report.

In summary, the board aims to structure total remuneration to take into account:

- a) both the short and long term growth and success of the Company,
- b) remuneration that is competitive with the market place, and
- c) remuneration that is demonstrably linked to the Company's overall performance.

Non-executive Directors are remunerated by way of fees only, they do not receive any additional retirement benefits nor do they currently participate in any other incentive arrangement/s such as the share option plan.

# Shareholder Information

The issued capital of the Company at 13 May 2011 is 100,248,061 ordinary shares.  
There are no outstanding options.

## Distribution of Shareholdings as at 13 May 2011

Number of Shares	Number of Shareholders
1-1000	1093
1001-5000	421
5001-10000	128
10001-100000	145
100,001 or above	38
Total Shareholders*	1,825
Percentage of total shares on issue held by top 20 largest shareholders	90.3 %
Holding less than a marketable parcel	(%)

\* all shares have equal voting rights

## Top 20 Shareholders as at 13 May 2011

Shareholder	Number	Percentage
Cereus Holdings Ltd	67,540,866	67.38
Custodial Services Limited	5,392,618	5.38
Killiney Pty Ltd	3,358,984	3.35
Mr Deepak Mamtani	3,000,000	2.99
Mr Ravindan Govindan	2,911,518	2.90
Healthcare Ventures Pty Ltd	1,315,656	1.31
Decket Pty Ltd	1,042,528	1.04
Copabella Pty Ltd	857,000	0.85
Khoo Siew Ngoh	766,250	0.76
Darryl Gordon Stuart	750,000	0.75
Leandro Pacheco	660,000	0.66
Jindabyne Pty Ltd	490,000	0.49
Mr Ianaki Semerdziev	470,000	0.47
CIMB – GK Securities Pte Ltd	358,691	0.36
Mr James Huggett	327,989	0.33
Bond Street Custodians Limited	275,000	0.27
DBS Vickers Securities	270,230	0.27
Mui Enterprises Pty Ltd	265,527	0.26
Bond Street Custodians Limited	264,544	0.26
Mr Kevin Noel Reynolds	256,250	0.26
<b>Total Shares On Issue Held By Twenty Largest Shareholders</b>		<b>90.3</b>

## Substantial Shareholders at 13 May 2011

Cereus Holdings Ltd	67,540,866
Custodial Services Ltd	5,392,618

### Restricted Securities

There are no securities of the Company on issue that are restricted.







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